Before the
Federal Communications Commission
Washington, D.C. 20554



In the Matter of
Federal-State Joint Board on
Universal Service

CC Docket No. 96-45

**Formal Reply Comments of**
**Greater Kalamazoo Telecity USA**
**Dated June 23, 1996**



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Thank you for the opportunity to comment on provisions associated with the Telecommunications Act of 1996, Section 254

## 1. Introduction

Telecity is a publically sponsored, charitable 501(c)3 organization devoted to improving local quality of life and to reinventing government through use of technology. Telecity operates as a Super Community Net serving the greater Kalamazoo area (population: 200,000) in southwestern Michigan.

In October 1995 Telecity was fortunate to receive one of a few Department of Commerce, National Telecommunication and Information Administration TIIAP grants. Only about 220 such grants have been awarded in the three years since the program's inception.

An important aspect of our mission is to protect the interests of underserved citizens within our community--urban, rural, senior, low-income, disabled, and other constituents.

Since we rely entirely on foundation grants, taxpayer support, and public philanthropy to achieve benefits for our community, we have no expensive lawyers or consultants or lobbyists to advocate our views. We are mostly all volunteers from different professions and walks of life who address a small dimension of the considerable needs of our community. Not coincidentally, you may find our comments brief and to the point.

Specifically, we are mostly concerned about infrastructural "redlining", whereby commercial communications and technology providers do not invest in communities due to perceived lack of investment return.

Secondly, we are concerned about telecommunications and infrastructural costs. Even though the Kalamazoo area has a highly advanced technology and telecommunications

infrastructure and much higher-than-average household penetrations of cable, TV, and telephone, telecommunications related costs represent a substantial portion of our operating budget.

We are also concerned with lack of cooperation demonstrated (not just in Kalamazoo) by local telco and cable service providers who typically regard community networks as competitors or unwanted intruders in delivering community services.

In an Age where technology plays an increasingly important role in facilitating communication and education within a community--such as distance learning, enhanced public education, improved access to social services and library services, bi-directional communication of issues or concerns between citizens and civic leaders and governmental officials, and tele-democracy, to name a few--it is in the public interest to ensure that all citizens have fair and equitable access. If not, we risk widening the gap already isolating the lower economic segments in our country. In the long term, we believe this will have disruptive and unfortunate consequences for our society at-large.

The enclosed proposals for universal access and wireless/digital spectrum allocation associated with the Telecommunications Act of 1996 are intended to advance the public's interests in this matter.

We request formal consideration of our comments for final rulemaking of the Act; therefore, the required nine sets of copies are enclosed. Comments address:

- **Universal Access**
- **Wireless Spectrum Allocation**
- **Digital Broadcast Spectrum Allocation**

## 2. Universal Access

The Act requires a definition of (a) core, basic services to be universally accessible, (b) definition of advanced services, and (c) rates for each.

To us, universal access does not mean access by all citizens at all locations including residences. Instead, universal access means access by all citizens at common community locations which include: schools, town halls, courts, hospitals, community centers, and a reasonable number of remote public access information kiosks.

Telecommunications infrastructure--whether ISDN, frame relay, ATM, fiber-optics, wireless, or whatever is suitable to the specific community applications at hand--must be supplied by local providers to link these "universal access points" as a core community service.

We define "core services" to be more a function of *location* of service delivery rather

than a function *what* the service is, since the issue of technology investment and infrastructure availablity is related more to geographics than anything else.

Our proposal is very simple:

a) The Act will designate locations where core community services shall be provided to achieve universal access: public schools, town halls, hospitals, community centers, courts, kiosks and other related kinds of locations. There are what might be called Universal Access Centers.

b) In all cases these locations or facilities shall be owned or operated for the public benefit by municpal governments, their agencies, or charitable organizations including 501(c)3 corporations.

c) The Act need not specify the kinds of functions or services for Universal Access Centers. Each community will make its own determination based upon its own needs, priorities, and infrastructural situation.

d) Service providers shall provide the appropriate infrastructure and connectivity in response to community requests to establish Universal Access Centers. Such services will be provided to communities in a reasonable amount of time after request at a price not to exceed direct cost (no overhead or allocations) plus 10%.

e) Wireless and digital bandwidth allocations are proposed later; these are an integral part of our Universal Access Proposal.

f) Such services are not re-sellable by the local entity and may not be used for commercial purposes.

g) According to the nature of our Proposal, it is not necessary to define "advanced services"

We also recommend the FCC, PSC, or appropriate regulatory authority consider the following local issues in granting inter-operative sharing privileges to local/long distance telco service providers, cable operators, wireless or broadcast operators: (1) citizen satisfaction of provider service levels; (2) provider compliance with proposed provisions regarding universal access; (3) the competitiveness of provider universal access costs versus peers; (4) other relevant considerations. (Inter-operative means, for instance, a local telephone service provider authorized to provide long distance services, a cable operator authorized to provide telephone services, etc.)

Inter-operating licenses should be reviewed every three-to-five years. Providers failing to rate favorably in the above areas should be reviewed for license termination.

## 3. Wireless Spectrum Allocation

The telecommunications spectrum represents a natural resource of tangible, considerable value.

The telecommunications spectrum is also a national, public asset which should not be given away to commercial interests. Ironically, this would mean the public will have donated this asset to private enterprise only to buy it back so that local governments and charities may improve quality of life and promote the public's interests.

Employing the principles of conservation, it is appropriate to reserve a portion of the valuable communications spectrum for local, not-for-profit community use. Such uses would include public education, improved access to social services, tele-democracy, activities directed toward achieving universal access, and so forth.

We propose setting aside an appropriate band of wireless spectrum to be allocated for free local use (or requiring a portion of commercially allocated spectrum to be provided at no charge to eligible organizations). Such free spectrum should be allocated only to local governments (including school districts) and to public or private charitable organizations who are substantially involved with promoting universal access for the underserved population.

Wireless bandwidth will undoubtedly become an increasingly important technology for local municipal area networks, community nets, free nets, and similar organizations which provide connectivity for underserved citizens in rural and urban areas.

Meanwhile, telecommunications and related costs (for all communication technologies, not just wireless) represent a significant portion of local non-profit budgets. While such organizations rely on public charity, federal or state grants of taxpayer funds, or monies from private foundations to fund such expenses, telecommunication companies generate profits from these same activities.

Free wireless spectrum allocation will ensure that local communities benefit from public assets; it will also free scarce local tax payer and foundation funds for other uses.

## 4. Digital Spectrum Allocation

The digital telecommunication spectrum represents an important public asset of great value to both broadcasters and citizens. We propose the following rules for the allocation of digital spectrum for HDTV:

a) Spectrum should not be allocated gratis to existing broadcast spectrum holders with royalties paid based on usage fees. Instead, (i) spectrum should be purchased at auction rates to be (ii) periodically renewed at, say three- or five-year intervals, and (iii) broadcaster fees generated from digital spectrum services would be taxable as ordinary

income.

b) New competitors should be allowed to bid on digital spectrum, even though they may not presently be involved with broadcast activities. This will foster competition in the development of new services and optimize free-market pricing.

c) A portion of spectrum should be allocated for free local community use as described under Wireless above.

**5. Considerations for Implementation**

If all communities possessed officially designated Community Networks offering the same services and having the same infrastructural needs, it would be an easy matter to allocate spectrum to the Community Nets and have them be the focal point for various related activities. But this is not the case.

It becomes tempting to advocate (as some Respondents have done) to form a central agency to create universal community nets, fund their operations, and coordinate their activities insofar as certain provisions of the Act are concerned. But it is probably not practical and maybe not even desirable.

In reality, there is no such thing as a single, local, stand-alone community net. The key to success for community nets is to seamlessly integrate with a host of information and service related activities to become a piece of a larger whole. It is also conceiveable that many communities have multiple community nets with each net performing a distinct service or function while integrating into the whole. Furthermore, nets of multiple communities will eventually integrate. In addition, we predict that many community nets will need to become for-profit operations to economically sustain their missions. Lastly, community nets are typically staffed by part-time volunteers struggling to carry out their mission; they may not be equipped or even interested in larger responsibilities.

These factors all argue against employing local community nets, as a general rule, to administer universal access or be the sole local recipients of allocated free communication spectrum. (However, some community nets like Telecity may be able to fill this role and could be so designated by their local governments.)

Therefore, the advantage of our Universal Access proposal is: Universal Access would be easy and straightforward to implement within the existing local and federal framework. This is because "core services" is defined in terms of common community locations (rather than defined as functions or services) whose local infrastructural needs and service priorities will vary depending upon the unique conditions and priorities and choices of these same individual communities.

Free allocation of spectrum for local use, however, is not such an easy matter to implement. Again, the needs and priorities of individual communities will vary depending

upon a number of factors; and spectrum will be required by any number of local entities serving diverse groups of citizens. It is probably not workable to handle each local request for spectrum individually at the federal level, since administrative demands placed on the FCC would likely double current levels.

Instead, blocks of free spectrum allocations should be given to either the state public service commissions or the local service providers themselves who will reserve this capacity until local usage requests are made. If the local service providers are called upon to administer this task, then they are entitled to a service fee; and, of course, their activities would come under the scrutiny of public service commissions.

Spectrum allocations may be based upon population size or other relevant criteria. Once all free allocation spectrum is used up, new spectrum would be made available at normal market rates.

Finally, it bears repeating that free spectrum allocations should be made only to local governments or 501(c)3 charities, the latter having a mission substantially devoted to serving the public good and attending to the needs of underserved citizens. These same entities may also share free spectrum; they may also operate services at Universal Access Centers.

**6. Contact**

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